

PUBLIC WORKS COMMITTEE

DATE: May 18, 2006

CALLED TO ORDER: 5:01 p.m.

ADJOURNED: 6:04 p.m.

ATTENDANCE

ATTENDING MEMBERS

Lonnell Conley, Chairman
Jim Bradford
Mary Moriarty Adams
Ginny Cain
Scott Keller
Dane Mahern
Angela Mansfield

ABSENT MEMBERS

Patrice Abduallah
Michael Speedy

AGENDA

PROPOSAL NO. 291, 2006 - authorizes the Department of Waterworks to conclude the sale of certain assets in the Town of Darlington, Montgomery County, to Aqua Indiana, Inc.

“Do Pass”

Vote: 6-1

PROPOSAL NO. 292, 2006 - authorizes the Department of Waterworks to conclude the sale of certain assets in Clay Township, Hamilton County, to the City of Carmel

“Do Pass”

Vote: 6-1

PROPOSAL NO. 293, 2006 - authorizes intersection controls for the Southport Trace Subdivision (District 24)

“Do Pass”

Vote: 7-0

PUBLIC WORKS COMMITTEE

The Public Works Committee of the City-County Council met on Thursday, April 6, 2006. Chair Lonnell Conley called the meeting to order at 5:01 p.m. with the following members present: Jim Bradford, Mary Moriarty Adams, Dane Mahern, Scott Keller, Ginny Cain and Angela Mansfield. Absent were Patrice Abdullah, and Michael Speedy

PROPOSAL NO. 291, 2006 - authorizes the Department of Waterworks to conclude the sale of certain assets in the Town of Darlington, Montgomery County, to Aqua Indiana, Inc.

Carlton Curry, Department of Waterworks, stated that the Darlington enterprise is a waterworks that is about 50 plus miles away from Indianapolis. It is not connected to the core system for Indianapolis water. It contains about 315 customers and it is an old water system that needs a lot of maintenance. Mr. Curry stated that it is very unlikely that this water system will ever be connected to Indianapolis water. He said the Department of Waterworks had this system appraised and went through the bidding process to find the best bid. The system was appraised at \$4 million and the best bid came in at \$5,000 over the appraised amount. After going through Corporation Council, it was decided that the department accepts that bid and recommends the sale. Mr. Curry stated that since this is a functioning asset it is a requirement that the Department of Waterworks come to the City-County Council for permission to execute the sale.

Councillor Bradford asked if the system in Darlington generated any revenue for the City of Indianapolis. Mr. Curry answered in the affirmative. He said that the revenue that is generated is from only 315 customers and it is not sufficient to do the things that are necessary. He said that there is much maintenance and with the revenue that is generated from these 315 customers, it would take many years pay for the cost of the maintenance. Councillor Bradford asked how much actual revenue is generated from the 315 customers. Mr. Curry said that he was not sure of the amount. Councillor Bradford asked if Indianapolis was losing money by having this system in Darlington. Mr. Curry answered in the affirmative. Councillor Bradford asked how much money the city is losing. Mr. Curry said he did not know. Councillor Bradford said that he did not feel comfortable voting on something when all the answers are not known.

Councillor Keller moved, seconded by Councillor Cain, to send Proposal No. 291, 2006 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 6-1 with Councillor Bradford casting the negative vote.

PROPOSAL NO. 292, 2006 - authorizes the Department of Waterworks to conclude the sale of certain assets in Clay Township, Hamilton County, to the City of Carmel

Mr. Curry stated that at the time of the acquisition of the Indianapolis water company's assets from NiSource, the Department of Waterworks went through a long involved process that included the Indiana Utility Regulatory Commission (IURC). The City of Carmel was going to be the city that intervenes in the process, and the reason is that Carmel wanted to acquire all of the Indianapolis Water Company Assets located in Clay townships, Hamilton County. Mr. Curry said that at that time the Mayor of Clay Township had not completed most of the steps for

annexing Clay Township into the city limits of Carmel. In anticipation of success Carmel wanted to have control of the water there. At that time there were about 5,500 metered customers and there was an agreement made in conjunction with the IURC that after Indianapolis water acquired the assets then Indianapolis would entertain a pricing exercise with Carmel to decide what those assets should be worth to Indianapolis Water. It would then be Carmel's choice if they wanted to pay that price. One of the provisions in the agreement was that there would be no harm to the Indianapolis Waterworks system because of divestiture of some very important asset. Indianapolis pushed water from the east to the west through Clay Township over to Indiana 421 north of Zionsville and then brought the water back down hill to serve Zionsville and the north west corner of Marion County. Mr. Curry stated that discussion on the price with Carmel caused a break down; because Indianapolis' price was considerably higher than what Carmel felt would be fair. IURC ordered mediation and the outcome was the agreement that Carmel will pay Indianapolis \$36.2 million over a period of years. Indianapolis water will retain the White River North treatment plant and the 107th street pumping station, both located inside the city of Carmel. They will construct some east/west mains segments for Indianapolis to have a minimum of 16-inch transmission capacity across the entire width of Clay Township. Indianapolis will also benefit from some other main construction to give a dual loop for pushing water from the east to the west all paid for by Carmel. He said that Carmel has a five-year schedule to take over all of these assets. Indianapolis has agreed with Carmel to provide the water on a take down schedule necessary to serve the areas as they come from the north to the south and finally end up at 96th street. This is an agreement that has been worked out between the parties but has not yet been signed.

Councillor Mansfield asked why the Indianapolis Water Company needed to negotiate with Carmel about these changes. Mr. Curry stated that there was an order filed with the IURC saying that once a price have been set for the assets and Carmel chose to meet that price, then they had the option to buy. Mr. Curry stated that the agreement is all on public record.

Councillor Bradford asked if the jurisdiction of Carmel determined the sale of the water system in Clay Township. Koby Wright, Office of Corporation Council, stated that the jurisdictions of Carmel did not determine the sale, but that it was the IURC's order. Mr. Curry stated that Carmel would be the water supplier to Clay Township for people not using wells, per this agreement.

Councillor Cain asked if there would possibly be any future problems with Carmel having that part of the system. Mr. Curry stated that everything should be in place so that nothing should occur, but the County Commissioners may want to change something. Mr. Curry said that at the end of the five years there will be no customers in Clay Township using water from Indianapolis mains.

Councillor Moriarty Adams moved, seconded by Councillor Mahern, to send Proposal No. 292, 2006 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 6-1 with Councillor Bradford casting the negative vote.

PROPOSAL NO. 293, 2006 - authorizes intersection controls for the Southport Trace
Subdivision (District 24)

Mr. Sheets read the proposal and stated that the district Councillor has signed off on this proposal.

Councillor Moriarty Adams moved, seconded by Councillor Cain, to send Proposal No. 293, 2006 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 7-0.

Presentation on the Department of Waterworks (DOW) is on file in the Council office with the original set of minutes.

Some key points are:

- City of Indianapolis acquired the assets of the Indianapolis Water Company from NiSource April 30, 2002
- The City had a number of goals for the acquisition of the Waterworks, including:
 - A) Create rate stability while improving water quality, reliability, and customer service.
 - B) Hire an experience operator for the Waterworks.
 - C) Promote local involvement and MBE/WBE participation in financing/ servicing the Waterworks.
 - D) to have a seamless transition.
- All Rates are approved by the DOW Board and must be authorized by the IURC.
- DOW has entered into a long-term management agreement with Veolia Water North American Operating Services, Inc. which was assigned to Veolia Water Indianapolis, LLC (VWI).
- VWI is the largest public-private water partnership of its kind in North America.
- \$260 million Capital Investment needed to improve the Quality of life in Central Indiana:
- Indianapolis has not had a rate increase since 1998
- Since the acquisition, DOW has invested on average over \$30 million each year in the water system.
- DOW proposes to spend approximately \$24 million over the next four years to ensure high quality water in order to:
 - A) Improve Filtration
 - B) Improve settling of raw water solids
 - C) Repair or replace aging treatment infrastructure.
 - D) Increasing the Treatment Capacity.
- DOW proposes to spend approximately \$200 million over the next four years to ensure system reliability by:
 - A) Replacing aging distribution mains.
 - B) Installing storage tanks to improve pressure and meet peak hour demand.
 - C) Installing additional Productions Wells.
 - D) Increasing the Treatment Capacity.
- DOW proposes to spend approximately \$16 million over the next fours years to meet future demands for water and grow the system to promote economic development
 - A) Area rate main extension program
 - B) Reinforcement mains needed to sustain the growth o Central Indiana.
- DOW is striving to improve the Quality of Life in Central Indiana by making significant investments in the following areas:
 - A) Water Quality
 - B) System Reliability/ Water supply and availability

- C) Safety and Security
- D) Economic Development

- DOW staff is considering recommending a rate increase of about 30 percent (plus or minus five percent).

Chairman Conley stated that this presentation should be given to the full council. Mr. Curry agreed.

Conclusion

There being no further business, and upon motion duly made, the meeting was adjourned at 6:05 p.m.

Respectfully Submitted,

Lonnell Conley, Chairman

LC/rjp